cause of the serious situation created by the falling prices. Once the agricultural people, the peasants decide to stop the cultivation of rubber, India will be totally lack of rubber, and we will be forced to rely on foreign rubber alone. Therefore, the Government has to act immediately to maintain the indigenous production. Therefore, I request the Minister to see that the STC buys more rubber for the time being. This crisus can be tide over. The market will become steady. It is not going to be like this always. Therefore, some temporary, immediate, urgent measure should be taken by the Government to relieve the peasantry of its difficulties.

SHRI BOLLA BULI RAMAIAH: Madam, what we are doing now is exactly what he has suggested. The moment it comes to our notice that the price is going down, we enter the market. From Rs 38/- it has gone up to Rs.44. We are still in the market. We are continuing our support to it so that the farmers can get a higher price.

DR. GOPALRAO VITHALRAO PATIL: Madam, my thrust is on the second part of the question, what the Government is going to do to safeguard the interests of rubber growers.

Rubber is grown in the North-East as well as in Kerala and karnataka in the coastal areas. We visited the North-East. Tribal people are growing rubber. Will the Government propose to acquire land, give it to the tribals, form some societies and give incentives for production of rubber? As you just said, giving them remunerative prices is one of the things by which the Government can help them. But, to increase the production and to involve ....

उपसभापति: सवाल आप पूछ लीजिए, सजेशंस आप लिखकर भेज दीजिएगा।

DR. GOPALRAO VITHALRAO PATIL: My question is this. What is the Government going to do so that the tribals can take part in growing and cultivation of rubber?

They are doing it in Tripura.

SHRI BOLLA BULI RAMAIAH: Madam, the hon. Member wants to know whether we are going to support the growing of rubber in North-Eastern States. In fact, that is exactly what we are doing. We are giving additional support to the north-Eastern States for development of rubber, coffee and tea, because we find that that area has more possibility of growing these things. So, the Rubber Board, the Tea Board and the Coffee Board are identifying the areas. Wherever soil and climate are found to be good, we are trying to support it by giving additional support. So, I accept your suggestion.

Package to Safeguard Interests of Investors in CRB Mutual Fund

*183. SHRI RAJUBHAI A. PARMAR:
SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of FINANCE be pleased to state:

(a) whether any rescue package to safeguard the interests of the investors in CRB Mutual Fund and allied financial institutions, has been evolved in the context of the CRB Scam that has come to light;

(b) if so, the details thereof; and

(c) the steps taken to safeguard the investors' interest, so far?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) to (c) The action taken by SEBI to protect the interest of investors of CRB Mutual Fund is as follows:

(1) SEBI issued a direction to the CRB Mutual Fund in May, 1997 not to launch schemes till further order.

(2) Custodians of the Mutual Fund has been directed not to dispose of any of securities held in its custody on behalf of CRB Mutual Fund and

submit the inventories of the securities to SEBI.

(3) Following the irregularities in the Non Banking financial Company (NBFC) operations of the CRB Capital Markets Ltd, SEBI called an emergency meeting of the Trustees of the Mutual Fund to protect the interst of the unit holders. Three of the Trustees informed SEBI that they had resigned from the Trusteeship of the Mutual Fund after which SEBI moved the High Court of Bombay for appointment of an Administrator to take charge of the assets of the Fund.

(4) On June 3, 1997, Bombay High Court appointed a provisional Administrator for the Mutual Fund.

(5) SEBI has asked the provisional Administrator to prepare a list of unit holders and inventory of assets and also arrange for valuation of assets.

As regard the NBFC operations of the CRB Capital markets Ltd., RBI issued prohibitory orders in April, 1997 under Section 45 MB (1) and (2) of RBI Act directing the Company not to accept any further deposits and not to alienate any assets without prior permission of RBI, RBI also filed a winding up petition in May, 1997 in the Delhi High Court under Section 45 MC of the RBI Act. The Delhi High Court has appointed a provisional Liquidator. The Delhi High Court has also issued orders of freezing accounts of CRB Group companies. The Liquidator has initiated action to crystalise the assets and liabilities of the Company. The issue of settlement of creditors is now subjudice.

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: Madam, we have been reading in the news-papers that this scam amounts to Rs. 11,000 crores and that scam amounted to Rs. 25,000 crores or that particular scam amounts to Rs. 900 crores. Nobody talks about scams below Rs. 100 crores. So, I would like to know how much amount is involved in this scam. Secondly, I would like to know whether it is a fact that the CRB capital market was permitted the facility of issuing fixed deposit repayment warrants payable at all branches of the SBI. I would like to know whether it has been found that Shri Bhansali had fraudulently obtained blank cheques for F.D. warrants from the bank office and had issued them freely and fraudulently after signing them manually in favour of his name and also in favour of his companies. This involved several crores of rupees. If so, may I know how much of such warrants are found to have been issued and how much money has been siphoned off thereby?

SHRI P. CHIDAMBARAM: Madam, there are a number of companies in this CRB group. In regard to this company, the Mutual Fund raised a corpus of Rs. 229.25 crores. Out of this Rs. 223 crores are by other corporates. Only about Rs. 6.25 crores was by individuals, who have contributed to the CRB Mutual Fund. Now, these assets are available. These moneys have been invested in a number of securities. The face value of these, of course, is approximately Rs. 229 crores. But, in view of the supervening events the NAV of the Mutual Fund has come down and today our assessment is that the value of the assets held by CRB Mutual Fund is about Rs. 150 crores. On today's NAV, there is, of course, a loss of about Rs. 75 crores.

The second question is whether CRB capital market was given the facility of dividend warrants. The answer is "Yes." The CRB capital market is a NBFC. That is different from the Mutual Fund. That is another financial institution. That company, the NBFC, was given the facility of issuing dividend warrants by SBI. That is not the only company to which the SBI has given the facility. In fact, a little over 200 companies have that facility, where they could issue warrants, which can be encashed at par in different branches of SBI. Other banks have also given such facilities to other companies.

In fact, this practice has been there for over 30 years. But, the facility given to this institution was misused by Mr. Bhansali and others, who are associated with him. At this stage we think that there has been a misuse of this facility with the connivance of some officials of the State Bank of India. The State Bank of India took action against three officials. You know there was a strike. Two of them remain under suspension and an inquiry is on. CBI has registered a case, CBI has seized a large number of documents relating to the dividend warrant scandal, and CBI is investigating the case. I have no doubt that CBI will go to the bottom of the matter and prosecute those who are involved. SBI has reported that as a result of dividend warrants being encashed without adequate security, they had lost about Rs. 58 crores or so. That is the information I have, at the moment. Matters are under investigation.

SHRI SUSHILKUMAR SAMBHAJI-RAO SHINDE: Has Mr. Bhansali said in his statement, made before CBI or before the Finance Ministry's officers, that he has diverted his funds to any political party or any particular political leader? We are interested in knowing the name, if he has mentioned it.

SHRI P. CHIDAMABARAM: Madam, obviously, I have not seen any statement given by him to CBI. Even if he has given a statement, whether at this stage it can be used or disclosed, I am not sure. The question has to be put to CBI.

SHRI PREM CHAND GUPTA: Madam, as per RBI's report, the CRB group has 40 companies. CRB Capital Markets Limited is a non-banking finance company, and sometime in 1995, C.R. Bhansali was raided and a lot of discrepancies were found by the Department. Even then, his company was given special permission to issue tax-free infrastructure bonds. I would like to know from the hon. Finance Miniser whether this permission was given in violation of the set norms or this was a routine permission given to this group. Thank you.

SHRI P. CHIDAMBARAM: Madam, power bonds were issued by another company known as CRB Corporation. On the strength of its own balance sheet, the matter was considered by CBDT and the competent officer of CBDT, at his level, granted permission. I had looked into the matter and I could not find anything wrong in that permission granted, because if the ingredients of the concerned section of the law are satisfied, the balance sheet of that company is strong, the requirements of the section being satisfied, the officer had granted permission. After reviewing the matter, I have not been able to find anything wrong with that permission granted to CRB Corporation Limited, which is an entirely different company belonging, of course, to the same group.

SHRI PREM CHAND GUPTA: On the one hand, the Income Tax Department, which is a part of CBDT, raided this group of companies and found a lot of irregularities and discrepancies in their accounts. How then the same department of the Government gave this permission?

SHRI P. CHIDAMBARAM: Madam, I will explain. If the ingredients of section 88(2)(xvi) and section 54EA are satisfied, on the strength of the balance sheet of that company if it satisfies all the ingredients, then permission is granted. I cannot find anything wrong with that permission nor can I find anything mala fide about that permission. If I did, I would have recalled it, but it was done by the competent officer. He looks into the section and, if he is satisfied, he grants permission.

It is true that some other companies of the CRB group were searched in connection with some income-tax violations, and that matter is being processed separately. In fact, one of my

biggest difficulties is the absence of sharing information between one intelligence wing and another, between one investigative wing and another. This is one of the reasons why we have recently constituted the Economic Intelligence Council under the chairmanship of the Finance Minister. And at its meetings, which are closed-door meetings of the heads of these agencies, I am trying to bring about sharing of information so that each one knows what is happening in the other's field.

SHRI SATISH AGARWAL: Madam Deputy Chairperson, I have a lot of questions to put, but I am not going to...

THE DEPUTY CHAIRMAN: Because there are a lot of Members who have given their names.

SHRI SATISH AGARWAL: No, because of the fact that this issue has been taken up by the Standing Committee on Finance, we have already decided to examine the Governor of the Reserve Bank of India. So, I will not go much into the details. I will not pre-empt the decision of the Committee on this issue. Even then at the moment I want to know only one thing from the Finance Minister. As we have got an insurance for all deposits in the banks, will the hon. Finance Minister examine this question of making it mandatory for all these mutual funds and for the deposit mobilisation by non-banking financial companies whose number is swelling to have insurance? I understand that their number has gone up to round about 41,000 in the whole country and the Reserve Bank of India is finding it very difficult to monitor all our banks. Will he consider these questions: (a) So far as deposit mobilisation is concerned, will he make it mandatory for insurance on all deposits? (b) Raising the limit of registering a non-banking financial company from the present threshold limit of Rs. 25 lakhs to Rs. 1 crore or something like that.

SHRI P. CHIDAMBARAM: Madam Deputy Chairman, I am the aggrieved party. I came to Parliament proposing that the threshold limit should be Rs. 50 lakhs. It is at the instance of Members belonging to Mr. Agarwal's party and Members of other parties that I was forced to reduce it to Rs. 25 lakhs. Therefore, I am willing to raise it to Rs. 50 lakhs. But I am glad that at least now the logic of my argument is accepted. I had to water down two crucial provisions of that Bill because the Bill would not have been passed. Madam, we had a discussion in your Chamber. But please remember, Madam, that it is this Government, and I may take some credit for it—when I first assumed office I told the Governor, "I am not happy with the way NBFCs are being regulated. I cannot bear to see the sight of billboards being put up each one promising 30 per cent and 35 per cent and 40 per cent returns and a law must be made."—After that and after the Committee went into it we promulgated an Ordinance on the 9th January, 1997. In fact, I was criticised for promulgating an Ordinance. But I am glad that most of the Members of this House have supported me and said, "Yes, you are right in promulgating an Ordinance;" although the House was to meet in three or four weeks time. When we replaced that Ordinance, we had to waterdown two provisions. One of them is the provision which Mr. Agarwal has pointed out, the threshold of Rs. 50 lakhs was reduced to Rs. 25 lakhs. Now I am willing to bring an amendment to raise the threshold limit to Rs. 50 lakhs. But you must assure me that your party and the Congress party will fully support me in that effort. But anyway I will keep that in mind. We have not done so badly. When we called upon them to compulsorily register by 8th July, we feared that many of them would not register. We took out advertisements. We went on the T.V. We told everyone you have to register. I am glad to report that out of 41,000 NBFCs, 37,000 odd NBFCs have applied to be registered. I think it is a major step forward. Now, the RBI is

structuring a three—layer supervision. I think we should give time to the Governor to work it out. After all, he is the Governor. The Reserve Bank of India is an autonomous body and they should be allowed time to find the way. After they place the structure, they will report to the Standing Committee, they will report to me. If we are not happy with the structure, we will give them our advice. But, I think, let us give them some time to work out a structure.

On the other question of deposits, it is a debatable issue. There is a point of view that once you grant insurance to deposits, the worst NBFCs may be adversely selected and good NBFCs will be subsidising the insurance premia of the bad NBFCs. In fact, there is a lot of literature, a lot of writing that such insurance, in fact, tends to help poorly performing NBFCs and its is the satisfactorily performing NBFCs which would have to pay premia which will subsidise the premia paid for the worst performing NBFCs. But I am willing to discuss this matter. I am willing to consult you, Dr. Manmohan Singh and Shri Chaturvedi. We can sit and talk because I have got both points of view. I have not made up my mind. We are looking into the matter carefully. But I will talk to all of you and decide whether it is good to have insurance for deposits or not I have an open mind on this.

THE DEPUTY CHAIRMAN: If you remember, we had a long meeting in my chamber wherein leaders of all political leaders were there before the Bill was brought forth to the House.

SHRI P. CHIDAMBARAM: Two clauses were amended.

THE DEPUTY CHAIRMAN: Yes, two clauses were amended. There are so many Members who want to put question. Now, after a great explantory statement by the Minister, I think we should move to the next question. He also said that he is going to have consultations....(*Interruptions*)...

SHRI GURUDAS DAS GUPTA: I have another set of inforamtion.

SHRI ASHOK MITRA: Madam, I would also like to put a question (*Interruptions*)...

THE DEPUTY CHAIRMAN: I would like to suggest something. Mr. Mitra, if I remember correctly, you were present there in the meeting. You were a part of the consultations when I had the meeting. (*Interruptions*)... Let me finish my speech. Mr. Mitra has a right to hear me as I have a right to hear you. Mr. Mitra, do you remember all this? You were also a part of that meeting. If the Memebrs still want to put questions, then it will be at the expense of other questions. I will allow everybody. I cannot discriminate against any Member. Let me go by the list. Shri R.K. Kumar. (*Interruptions*)...

SHRI SOM PAL: Madam I would like to give one piece of information if you permit me to speak on this subject. This matter has already been taken up for discussion by the Standing Committee on Finance. For some reasons, it was rather deferred on the agenda in the last meeting. The Committee is already seized of the matter. My point is that in this discussion, all the angles will be taken care of by the Committee. So, there is no point in elongating the discussion by putting so many questions in this House.

SHRI R.K. KUMAR: Madam, the *modus operandi* of the CRB of getting 'at par' facility and fraudulenty cheating the State Bank of India to the exten of Rs. 58 crores was nothing new. About three years back, a Madras company, called the Madras Motors and General Insurance, had adopted the same *modus operandi*. They got the at par facility from the Bank of Baroda, issued warrants payable 'at par' to their own group of companies, to the extent of Rs. 2.5 crores. My point is: "What was the Reserve Bank of India doing, which as a Central Bank, knew about the *modus operandi* that could be adopted? I would like to know whether the Finance Ministry conducted an enquiry as to what the Reserve Bank of

India was doing for the last three years, not warning other banks against this malpractice.

SHIR SHIV CHARAN SINGH: Madam, I would also like to join him on this issue.

उपसभापतिः आप उनको पूछने दीजिये। शिवरण जी आप बैठिये।

This is not a discussion. It is just a question. A Member has a right to put a question. I have permitted him. You cannot join him. In that event, the whole House will join and then I will have to say, okay, we will have a discussion on this question. (*Interruptions*)... Please go by the procedure.

श्री शिवचरण सिंहः पैसे को बरबाद कर रहे है (व्यवधान)

उपसभापतिः आप चुप क्यों नहीं होते है। क्या तकलीफ है आज आपको? बैठिये न।

SHRI P. CHIDAMBARAM: Madam, the hon. Member is right. But let us look at the other side. The SEBI has given such a permission to 240 odd companies. Other banks have given such permission to a large number of companies. The Unit Trust is the best example. The Reserve Bank of India has reiterated these instructions from time to time and advised the banks as to how the 'at par' facility should be granted to companies and how it should be carefully monitored. Once in three years, a scandal breaks out. It cannot be done without the connivance of the officers of that bank. this is fraud. We are now talking about this and I am not going to hide myself under the camoflage of system failure. There is no system failure here. The system is all right. I works well in 241 companies. It is misused in one company because of frauds. All I can say is that unless I put a policeman next to everybody, I cannot stop a fraud. I can only catch a fraud and punish the man concerned. The Reserve Bank of India has given these instructions. Let us remember that the other 240 companies are not doing anything fraudulent. Anyway, all banks have been requested to review their 'at par' facility. I am told that 'at par' facility has since been cancelled for a number of companies. The 'at par' facility is now going to be given only to the best performing companies.

SHRI ASHOK MITRA: Madam, I am not speaking with any rancour. But even then the Finance Minister's attitued shows as if he is a detached spectator and these things are happening and what can he do about it? He mentioned the losses of one or two banks. But he does not have the courtesy to refer to thousand of crores of rupees which the depositors have lost. How can such a thing happen? You see, a company, an adventurer, is allowed to prosper and the entire banking sector, the entire reformed financial sector, simply watches. Now it is not just the CRB. There are also hundreds of others.

THE DEPUTY CHAIRMAN:Will you please put your question?

SHRI ASHOK MITRA: This is precisely I want to ask. there are such other companies which at the moment are operating and sucking the depistors. What does the Finance Minister contemplate to do to prevent scandals of this proportion being repeated? Now we have heard the expression "sytem failuer". That was not just discussed in 1993, it is being repeated today. Systems will continue to fail if the order of venality is not weeded out of the system. It was a venal system and it has been allowed to be venal.

SHRI P. CHIDAMBARAM: Madam, I answered the questions and I have given figures about the companies on which the question was put. If the hon. Member wishes to know about the monies involved in the NBFC, I am willing to answer that question. As per published balance-sheet of the company as on 31.3.1996 the owned funds of CRB Capital Markets, NBFC, aggregated to Rs, 436.58 crores and the net profit, after tax of the company, amounted to Rs. 52.32 crores for the year ended 31.3.1996. According to the RBI, the

company has issued over 1,30,000 fixed deposit receipts for an amount of Rs. 186 crores. Additionally, financial institutions have an estimated exposure of Rs. 152 crores. Now these funds must have gone into some other assets or properties or investments. The CBI and the Official Liguidator are now engaged in the task of tracing these investments. I have with me a list of properties which have since been traced by the CBI. A large number of properties, high-vlaue properties, have been traced in a large number of cities like Mumbai, Delhi, Bangalore, Jaipur, Hyderabad and Chennai, I have also the list of assets traced by the Official Liguidator. He has also found a large number of properties. Once these properties are traced and when the liquidation proceedings go through to their logical conclusion, we will be able to assess what the loss to the investors is. At this moment, it is not possible for me to compute the loss. I am sorry that a large number of investors—some would have had touhing faith in these companies—put their money there. Some people put their money simply because they were lured by the high interest rates. Despite cautionary statements made from time to time, and I have made these statements, people still believe that they can put their money in NBFCs which promise a return of 30% or 35%. I am sorry for them. But we are doing everything possible through the CBI and through the Official Liquidator to trace the assets. If these assets are traced, it may be possible to partially restore the moneies of the depositors.

Now the question is: What am I doing as Finance Minister? Why am I so detached? Well, I am not detached. I take an objective view of matters and because I have taken an objective view, we have been able to move quickly both through the Official Liquidator and through the Administrator, and we have been able to arrest Mr. Bhansali and we have been able to trace a large number of assets. What did I do? What I did was what I said a little while ago, What I did was, after I assumed office, I told the RBI, "there is no law; please advise me on a law". And what I did was that I promulgated an Ordinance on 9th of January for which I was criticised by no less a person than Mr. Ashok Mitra. What I am doing now is to ensure that the NBFCs are registered. What we are doing next is to see that the supervisory structure is put in place over these NBFCs. I think I have done quite a bit. I am not saying that I have done everything that needs to be done. But I am willing to be guided by everyone. This House is a House of Elders. So, guide me what I should do and I will do it. But to say that everything is wrong, reforms are wrong, it is all venal, these are ideological arguments and I do not agree with them.

SHRI ASHOK MITRA: How did the CRB Scam happen? How did the CRB scam happen? Have you inquired into the question?

THE DEPUTY CHAIRMAN: Shri Gurudas Das Gupta.

SHRI ASHOK MITRA: How could such a scam take place with the entire Ministry of Finance and the RBI simply just watching?

THE DEPUTY CHAIRMAN: Shri Gurudas Das Gupta.

SHRI GURUDAS DAS GUPTA: madam, the hon. Minister says that he can stop scams from taking place if we put a policeman on every single individual working in a Bank. If the contry has turned so dishonest, if the people working in banks have been so unscrupulous, then no honest Finance Minister would be able to do anything. I have full faith in the honesty of Shri Chidambaram. I would like to know whether there is a failure of the regulatory mechanism. The issue is not whether the law was adequate of whether Shri Chidambaram could adequately enact a law and whether somebody stood in his way. These are not the issues. The issue is whether a regulatory mechanism

that was in place, that is, RBI, SEBI, the Ministry of Finance and other financial organisations, could play a role in preventing such a scam. That is the main issue. In my opinion, the hon. Finance Minister is avoiding this issue. He has been repeatedly referring to the balance-sheet. Madam, there is a strong opinion that this balance-sheet has been manipulated by the auditor who was responsible to audit the accounts. We know the role of auditors in different scams and scandals.

THE DEPUTY CHAIRMAN: Mr. Gupta, put your question.

SHRI GURUDAS DAS GUPTA: My question is this. Is it true that despite SEBI giving a report on the functioning of Mutual Fund, the RBI gave in principle approval for the setting up of a bank. Secondly, they promised 30 per cent interest to allure people. One of the basic reasons was that the in principle approval would allure people. Part (b) of my questions is...

THE DEPUTY CHAIRMAN: It is enough. Mr. Minister...*(Interruptions)*. I have got a lot of names with me.

SHRI GURUDAS DAS GUPTA: Madam, just one sentence. The IRBI has a credit rating agency. The IRBI credit rating agency has rated CRBI as class'A', superlative. Will the hon. Minister say *that this allurement could help the fraud* to take place? Will he accept that this is failure of the regulatory system which was in place before the law was promulgated?

SHRI P. CHIDAMBARAM: Madam, had Shri Gurudas Das Gupta put this question earlier, I would have gladly answered this question. He is now asking me whether the regulatory systems or structures that were in place could have prevented this fraud. My answer is, I believe, on the basis of the evidence before me, 'Yes'. If they had exercised greater vigilance, I believe, they could have prevented this fraud or nipped it at an earlier stage. My answer is straight, 'Yes'. But let us also remember, at the same time, that there was no law. The law came into being for the first time only on the 9th of January, 1997. There was no...

SHRI GURUDAS DAS GUPTA: Madam, ...

SHRI P. CHIDAMBARAM: I am coming to that.

THE DEPUTY CHAIRMAN: Mr. Gupta, let him finish.

SHRI P. CHIDAMBARAM: The law to regulate NBFCs was made by this House and the other House only later. The Ordinance was promulgated only on the 9th of January, 1997. Today we have a law. Therefore, I believe the regulatory agencies have much greater powers for inspection, for imposing prudential requirements and for off site inspection *and on site inspection*. I hope they will exercise their powers more vigilantly. I am not at this stage prepared to come to a final conclusion because, after all the inquiries are going on. Let the inquiries pinpoint the failure. Where there has been a filure of responsibility, I will take action. He also asked whether the RBI granted in-principle approval. The answer is, "Yes". RBI did grant in-principle approval. In fact, a Committee of the Central Board of RBI granted in-principle approval on the 31st of May, 1995. Again on 28th February, 1996 the Committee reiterated its approval and said that "as soon as we get a letter from the SEBI, we will issue the in-principle approval letter. I can only speak for what I do after I came into office." This Government came into office on the 1st of June, 1996. After we got complaints, we brought them to the notice of the Governor, RBI. He kept the in-principle approval in abeyance in December, 1996 and cancelled it on the 9th of April, 1997. The in-principle approval *did raise* the level of comfort for the investors. I accept your statement. It did raise the level of comfort for the investors. That is why we are looking into the matter to see whether due diligence was exercised

before the in-principle approval was granted. This matter is being inquired into. Once we inquire into the matter, we will reach a conclusion.

श्री संजय निरूपम: उपसभापति महोदया, मंत्री महोदय ने अभी बताया कि 9 जनवरी को तमाम एन०बी०एफ०सीज़ को रेगुलेट करने के लिए उन्होंने कानून बनाया था, सी०आर०बी० स्कैम अप्रैल-मई में आया जब हमारे सामने अखबारों के जरिए जानकारी आई थी। तो मैं यह जानना चाहता हूं कि वह कानून का अर्थ क्या हुआ? आप एक बार कानून बनाते हैं। उसके बाद स्कैम निकल कर आता है। इसका मतलब है कि वह कानून बहुत इफैक्टिव नहीं है, प्रभावकारी नहीं है। सेबी के रोल के बारे में अब तक यह बात निकल कर आई है कि सी०आर०बी० स्कैम में सेबी का रोल, जो कि रेगुलेटरी अथारिटी है, बॉडी है, वह बहुत अच्छी भूमिका नहीं निभा पाई तो मेरा सवाल यह है कि तमाम एन०बी०एफ०सीज़० को रेगुलेट करने के लिए और कंट्रोल करने के लिए या फिर बैन करने के लिए आपके पास भविष्य में क्या योजनाएं हैं?

उपसभापति: इतनी देर से यही तो बता रहे हैं।

SHRI P. CHIDAMBARAM: Madam, I don't believe that NBFCs can be banned nor do I believe that it is the wish of this House that NBFCs should be banned. In fact, if the wish of the House was that NBFCs should be banned, it should have repelled my Ordinances and said, 'ban NBFCs'. The idea is to regulate the NBFCs. The law was promulgated, as you said, on 9th January, 1997. Six months' time was given for the NBFCs to apply to get themselves registered. Thirty-seven thousand and odd NBFCs have applied for registration. We will now regulate them better. If more things are to be added, I will not hesitate to come to this House. In fact, I want a stronger law and I can only have this House pass a law if there is consensus. If all of you agree and let me see how the Reserve Bank reports after it places in position a structure—and if that law has to be strengthened, I will come back and strengthen the law. I am pleading for a stronger law.

SHRI SURINDER KUMAR SINGLA: Madam, every system, whether it came out of the economic reforms or even before that, is vulnerable to human greed. Mr. Finance Minister is vulnerable to human greed, whether it is a capitalist one or a Communist one. There is no doubt about it. I am on a specific issue. Human greed was the basic reason for such scams to come in, whether it is the Harshad Mehta scam or the present one. Would the Minister consider and advise the RBI to put an upper limit to the rate of interest to be paid to the depositors by anyone? We have to put an upper limit on the rate of interest, just as you decided with regard to other banks. Otherwise, these things would go on. You cannot control human greed, whatever you may do.

THE DEPUTY CHAIRMAN: Put a ban on the human beings!

SHRI GURUDAS DAS GUPTA: Human greed.

SHRI P. CHIDAMBARAM: Madam, I don't want to get into any philosophical discussion about greed and what drives the human beings. I still believe that a large number of people simply, unsuspectingly and with touching faith, put their money. Naturally, there is the lure of high interest rates. I think we, as Parliamentarians, cannot stand back and say, 'Well, if you are driven by your greed, do it at your peril.' We have to interefere. We have interfered. We have made a law. There is an interest rate regulation. Except for those NBFCs which satisfy certain prudential norms, all other NBFCs are not allowed to offer more than 15% as interest. But the point is that it was not backed by a law earlier. Today, we have a law. Therefore, a supervisory structure is being placed. Interest rates will be regulated. Now that we know who these NBFCs are, where they function, who their principal officers are, what their addresses are, etc., we will enforce this regulation more strictly. Today we have a law. We have taken one big step forward. Give the RBI some time to enforce that law.

THE DEPUTY CHAIRMAN: Question No. 184.

Study regarding Narcotic Trade in the Country

184. SHRI KRISHNA KUMAR BIRLA: *Will the Minister of FINANCE be* pleased to state:

(a) whether it is a fact that trade in narcotics continues to thrive unabated in the country which is emerging as a single most important transit point in the global narcotics trade especially in the region of the "Golden Triangle"; and

(b) if so, whether Government have made any critical study of the growing illegal narcotics trade in the country, identifying the rackets involved, their contacts and the extent of connivance of the official machinery at various levels?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) No, Sir. It is not correct to say that India is emerging as the single most important transit point in global narcotics trade especially in the region of the "Golden Triangle". However, India is geographically located between two major opiates producing regions in the world namely Golden Crescent (Pakistan, Afghanistan and Iran) and Golden Triangle (Myanmar, Laos and Thailand) and is vulnerable to trafficking of drugs originating in these regions.

(b) Government of India has been continuously stepping up its efforts in the fight against narcotics trafficking. Quarterly coordination meetings chaired by Director General, Narcotics Control Bureau are held regularly in New Delhi which are attended by all enforcement agencies involved in drug trafficking at the highest level. Periodic bilateral talks are being held with authorities of Pakistan and Myanmar. Although, there have been unconfirmed stray reports in various newspapers and periodicals about narcotics related corruption in the North-East, but, no specific instance relating to corruption pertaining to narcotics trade from "Golden Triangle" has come to the notice of the Government.

श्री राघवजी: महोदया, मैंने पूछना था।

THE DEPUTY CHAIRMAN: We cannot take 45 minutes for one question.

श्री राघवजी: मैडम, आपने कहा था, इसलिए कह रहा हूं।

THE DEPUTY CHAIRMAN: I know I said a lot of things. But the time constraint is also there. If Members start making explanatory statements, ideological statements and Ministers are asked to give replies to them, I don't know how we can discuss other questions.

SHRI KRISHNA KUMAR BIRLA: Madam, the hon. Members are undoubtedly aware of a region called 'the Golden Triangle'. This comprises Myanmar, Thailand and Laos. It is estimated that 60% of the drugs being smuggled into America and Europe are originating from the Golden Triangle. India is the transit point for smuggling narcotics to America and Europe. There is another similar region for drugs which is called 'the Golden Crescent'. It comprises Afghanistan, Pakistan and Iran. Afghanistan has particularly emerged as a major production centre for opium and its derivatives. India, situated between the Golden Triangle and the Golden Crescent has become very vulnerable to large scale smuggling of heroin and other drugs through this country. I note from the Minister's reply that India has not emerged as the single most important transit point, though my views are different.

Narcotic drugs have been termed as one of the most corrosive threats to the human society. The trade in narcotic drugs has been expanding very fast and, in fact, the turnover of the drugs exceeds the international trade in oil. It has a well organised international network.